

Retiree News & NOTES



STATE RETIREMENT
and PENSION SYSTEM
of MARYLAND

AUGUST 2005
VOL. 23 NO. 5

A Newsletter for Retirees from the State Retirement & Pension System of Maryland

Direct deposit, check dates slated for remainder of 2005

THE SCHEDULE FOR DIRECT DEPOSIT OF RETIREMENT BENEFITS for the remainder of calendar year 2005 is provided below. For retirees with an approved waiver on file with the Agency, mailed check delivery dates also are listed.

Date direct deposit is credited to retirees' accounts

- Wednesday, August 31
- Friday, September 30
- Monday, October 31
- Wednesday, November 30
- Friday, December 30

Date Post Office begins to deliver retirement checks*

- Wednesday, August 31
- Friday, September 30
- Monday, October 31
- Wednesday, November 30
- Saturday, December 31

* NOTE: Retirement checks are delivered to the main post office by 3 p.m. on the previous day.

Checks are then distributed to local post offices for delivery.

Retirees will stay “in the know” after monthly advice slips stop

AS ANNOUNCED IN THE JULY EDITION OF RETIREE NEWS & NOTES, the Retirement Agency this fall will discontinue sending monthly advice slips to retirees and beneficiaries. Beginning in the fall, you will receive a mailed “check stub” only in January, July and in any month in which your net benefit amount changes.

The end of monthly mailings doesn't mean you'll miss out on any information affecting your benefit. The Retirement Agency has several ways to keep you up to date!

This fall will witness the launch of the Agency's new automated phone system, which will enable retirees to receive handy payment information 24 hours a day, seven days a week.

With the new automated phone system, you'll be able to access information previously printed on your monthly advice slip, such as the gross amount, deductions and net amount of your payment. You'll also be able to hear your retirement date, option selected at retirement and your mailing address on file.

If you're concerned about privacy, you'll appreciate this new phone system. Your personal retirement information can be accessed only with your Social Security number and individual PIN (personal identifi-

cation number). Your four-digit PIN is the month and year of your retirement. For example, if you retired July 2005, your PIN would be 0705. If you like, you may change your PIN when you access the automated phone system.

Included with your January and July advice slips, you'll receive timely editions of *Retiree News & Notes*. The January newsletter will feature useful information on your taxes, and the July edition will include articles on your cost-of-living adjustment (COLA) and a summary of any pension legislation which may affect you.

Check out our Web site at www.sra.state.md.us for the most up-to-date information on issues affecting retirees. You can access any forms that you may need, read answers to frequently asked questions and review the latest information in our *After You Retire* brochure. The Web site also includes the System's investment results, annual reports, archives of our newsletters and hot topic information that you may find pertinent to retirees. Why not take a few minutes now to visit our Web site at www.sra.state.md.us?

Sheila Hill reelected to Board of Trustees

SHEILA HILL, A 17-YEAR STATE EMPLOYEE AND CORRECTIONAL OFFICER, WAS REELECTED to the Board of Trustees this summer in the State Retirement and Pension System of Maryland's first electronic election.

Members and retirees voting by phone and Internet favored Ms. Hill with 50.76% of the votes cast. Challengers Joseph C. Bryce and Barry N. Chapman received 39.26% and 9.91% of the vote, respectively. Unexercised votes yielded the balance of .07%.

Trustee Hill's new term on the Board will begin August 1. Ms. Hill represents members and retirees of the Employees' Retirement and Pension Systems, Judges' Retirement System, Correctional Officers' Retirement System, Law Enforcement Officers' Pension System, Local Fire and Police System, and Legislative Pension Plan.

Ms. Hill serves on the Administrative and Investment Committees.

College Savings Plans of Maryland – Get a Head Start on College Savings!

IT'S NEVER TOO EARLY TO START SAVING FOR COLLEGE. The College Savings Plans of Maryland offer Maryland families a flexible way to start saving for college today. The Maryland Pre-paid College Trust is currently open for enrollment for newborn children up until their first birthday at prices in effect when the enrollment is completed. The Maryland College Investment Plan is open for enrollment year round and offers the 12 mutual fund based portfolios managed by T. Rowe Price, so you can choose what works best for you.

You can open an account for anyone, including your child, grandchild, another family member, or a friend. Choose either plan – or both plans. Remember that you can use these plans towards nearly any college in the country, and you are also eligible for a generous Maryland State income deduction each year on your contributions. Visit www.collegesavingsmd.org or call 1-888-4MD-GRAD for details.

COLLEGE SAVINGS
PLANS OF MARYLAND

Retirement Agency forms are available on Internet

HANDY FORMS FROM THE STATE RETIREMENT AGENCY OF MARYLAND

are as close as your home computer. Several forms of interest to retirees are available on the agency's Internet Web site located at www.sra.state.md.us. You may print the forms you need, or, if you prefer, you may enter your mailing address and request that the forms be mailed to you.

FORMS AVAILABLE ONLINE INCLUDE THE FOLLOWING:

- **Designation of Beneficiary (Form 4)** - For use by retirees who selected Options 1 or 4 or the Basic Allowance

- **Request for Calculation of Joint Survivorship by a Retiree Considering Changing a Beneficiary (Form 66)** - For use by retirees who selected Options 2, 3, 5 or 6
- **Retiree Change of Address (Form 77)**
- **Electronic Fund Transfer (Direct Deposit) Sign-Up (Form 85)**
- **Federal and Maryland State Tax Withholding (Form 766)**

Of course, forms still can be ordered by telephone by dialing 410-625-5555 or 1-800-492-5909. You also may request forms in writing. Mail your request to the State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-6700.



Working after disability retirement

NEW RETIREMENT LEGISLATION WHICH TOOK EFFECT JULY 1 produced some significant changes to reemployment rules for disability retirees.

A summary of the updated rules is provided here.

EARNINGS LIMITS – EFFECTIVE JULY 1, 2005

Ordinary disability retirees who accept employment only with a participating employer are subject to an earnings limit until they reach normal retirement age for their system.

Ordinary disability retirees reemployed by a non-participating employer or even self-employed and accidental disability retirees are exempt from earnings limits. An employer that offers State Retirement and Pension System benefits to its employees is considered to be a *participating employer*.

Retired State Police or law enforcement officers are exempt from an earnings limit, and from the benefit suspension described below, if reemployed by a participating employer in any position other than a probationary status law enforcement officer, a law enforcement officer or chief, as defined in §3-101 of the Public Safety Article.

Your earnings limitation is listed on the "Notice of Retirement Allowance" sent to you when you retired.

This earnings limitation is applied against the annual earnings in reemployment. For reemployment purposes, annual earnings are the annual compensation earned by a retiree while working during a calendar year (i.e., the total compensation reported to the IRS for earnings paid by the employer during the calendar year).

If the annual earnings exceed the earnings limitation the retirement allowance is reduced \$1 for every \$2 in excess of the earnings limitation. After 10 years of retirement, the reduction is \$1 for every \$5 over the limit. With the exception of a January 1 retirement date, the 10-year period begins on January 1 of the year following the year of retirement.

If your pension is reduced, the reduction begins July of the year following the calendar year in which the excess earnings occurred. The reduction continues for 12 months until the excess earnings are recovered.

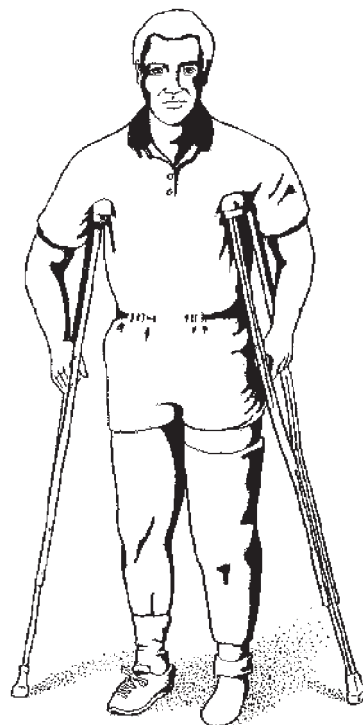
SUSPENSION OF BENEFITS

If you accepted a disability retirement on or after July 1, 1998, your monthly benefit shall be temporarily suspended if you:

- Are not eligible to receive a normal service retirement through either years of service or age **and**
- Are employed by a participating employer at an annual compensation that is at least equal to your average final compensation at retirement.

If your allowance is suspended, it will be reinstated on the first day of the month after you cease employment with the participating employer.

Please note: For former state employees, the temporary suspension of a pension check causes the temporary suspension of health insurance coverage.



Changing tax withholdings?

Follow these handy tips

RETIREES WHO WISH TO UPDATE THEIR TAX WITHHOLDING ELECTIONS must file a combined *Federal and Maryland State Tax Withholding Request* (Form 766) covering both federal and state taxes.

Form 766 revokes all prior federal and state tax withholding elections. For example, if you previously requested federal and state tax withholdings and now submit a new request indicating only state tax, your prior federal tax withholdings will be cancelled. You must fill out both sections of the form *even if you wish to update only one portion of your withholdings*. Form 766 can be found on our Web site at www.sra.state.md.us or requested by calling a retirement benefits counselor at 410-625-5555 or toll free 1-800-492-5909.

The Maryland Charity Campaign: “Changing Lives – One by One”

A HOMEBOUND WIDOW ATE HOT, NUTRITIOUS MEALS LAST YEAR, thanks to the Maryland Charity Campaign. A family learned the meaning of safety and security thanks to the Maryland Charity Campaign. A new mother was able to afford shelter and clothing for her children thanks to the Maryland Charity Campaign. One by one, Marylanders’ 2004 success stories added up. And none of them could have been accomplished without the \$342,377 donated by Maryland Retired State Employees.

Nearly 10 percent of the overall campaign came from Retired State Employees like you. Many donors are able to be more generous by

spreading their gift over 12 months through payroll deductions. Each dollar donated makes a significant contribution toward our goal of “Changing Lives – One by One.” Why? Because 88 percent of every dollar is passed directly to the charity of your choice. Less than 12 percent of each dollar is used for administrative costs, compared to the national average of 25 percent.

In order to keep those overhead costs low, we will limit our MCC mailing to new retirees and those who have given in the last two years. If you do not receive a packet in early September and want to contribute, please contact Cynthia Burns by telephone at 410-895-1493 or via E-mail at

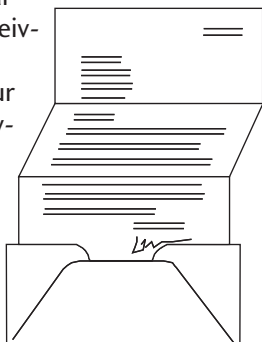
cynthia.burns@uwcm.org for a pledge packet. Visit the MCC on the Web at www.mdcharity.org to download a pledge form.

We encourage you to make a difference this year by supporting the MCC. Because you have the power to “Change Lives – One by One.”



Notify the Retirement Agency of address, direct deposit changes

DURING YOUR RETIREMENT, BE SURE TO KEEP THE RETIREMENT AGENCY INFORMED of any changes to your mailing address or to the financial institution receiving the direct deposit of your retirement payment. You can get a copy of the necessary forms to make your changes on our Web site at www.sra.state.md.us or by calling the Agency at 410-625-5555 or toll free 1-800-492-5909.



you must notify the Retirement Agency in writing. Include in the correspondence your former and new addresses along with your name, Social Security number and home telephone number. For security reasons, your signature also must appear on the request.

If you prefer, you may complete a *Retiree's Change of Address Form* (Form 77).

DIRECT DEPOSIT CHANGES

For the timely deposit of your retirement payment each month, the Retirement Agency must have up-to-date information about the bank, credit union or other financial insti-

tution you have selected to receive your benefit. If changes occur — for example, if you change banks or switch accounts — you must contact the Retirement Agency and request an *Electronic Fund Transfer Sign-Up Form* (Form 85). Follow the instructions on the form and submit it to the address provided. To avoid any delay of payments, it is advisable to keep your old account open until your new account receives its first direct deposit.

ADDRESS CHANGES

To ensure the delivery of benefit information during your retirement, it is important to keep the Retirement Agency apprised of any changes to your mailing address. If you experience an address change,

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